

The profits, so far, have been quite respectable. The Wine Investment Fund has seen annual returns of about 14.5 percent, and even in this otherwise economically dismal year, Lunzer says he still expects the fund to return about 12.5 to 14 percent. That's about the same figure that Wine Asset Managers (which operates two wine funds worth some \$21 million) reports as a return on all fine wine.

Investors in the Wine Investment Fund receive their payment in cash ("They give us cash; we give them cash," says Lunzer), but other funds offer investors a choice between cash and wine. The Elevation Wine Fund will pay dividends in either cash or wine, says Elevation CEO and founding partner Leon Dreimann: "Investors can pick and choose wines from the collection that they'd like as part of their return." Investors will receive regular updates on the contents of the fund and can withdraw the wines that they like as dividends.

Dreimann, a veteran of the financial markets, insists that he and his three partners got into the fund business

because they love wine and believe that it's a great investment. In fact, the partners spent about a year and around \$1 million putting together a collection of wines for their fund, which is heavily skewed toward top Bordeaux. But, defying conventional wisdom, their portfolio also includes some top Rhône wines from great

**“Many investors in wine funds have no desire to actually drink any of the great bottles in their portfolios.”**

recent vintages, as well as cult California Cabernets like Harlan Estate and Screaming Eagle. One of Dreimann's partners is a Napa vintner, and the fund's wines are currently stored in his winery's cellar.

Professionally managed storage is of paramount importance for bottles intended for investment, whether the wine is owned by a wine fund or an individual collector. Bottles cellared in a personal storage space may lose potential market value, because verifying their

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### 5 best wine investments: a pro's picks

David Sokolin, a wine retailer in Bridgehampton, New York, and the author of *Investing in Liquid Assets*, suggests five wines with the greatest investment potential.

#### **2003 Château Cos d'Estournel (\$260)**

This vintage is trading at a discount, yet with a 99-point rating from critic Robert M. Parker, Jr., it's the highest-rated Cos in history. At \$260, it's less than half the cost of the 1982 vintage, which had a 96-point Parker rating. Sokolin believes the '03 Cos will double in price in five to seven years.

**2001 Château d'Yquem (\$700)** A rare 200-point wine, with perfect scores from both Parker and the *Wine Spectator*. This

vintage is "the best Yquem ever," says Sokolin. He believes the sought-after Sauternes has the potential to age beautifully and appreciate greatly in value. It costs \$8,400 a case now, but he predicts it could sell for more than \$100,000 within the next 25 years.

**2003 Château Montrose (\$350)** This Bordeaux from the heart of Saint-Estèphe will be great, Sokolin says: "It's just a matter of time." At \$350 a bottle, the 100-point '03 is half the price of the 1990, the only other

Montrose vintage to receive a 100-point score. When will the time be right to cash in on it? Based on the 1990, the lucky number may be 13 years, but Sokolin thinks the price could double in just five.

**2005 Château Troplong Mondot (\$450)** Sokolin's argument for this great Saint-Émilion wine is mathematical. This vintage received 99 points from Parker, the second-highest-scoring Bordeaux in a legendary year (only Ausone and L'Eglise-Clinet received perfect Parker scores), and yet it is trading for a lot less than first-growths with lesser ratings. For example,

Troplong costs half of the 2005 Château Latour (\$900), which received 96 points from Parker. Sokolin predicts the '05 Troplong will sell for \$750 in five years.

**2005 Domaine de la Romanée Conti La Tâche (\$6,000)** "Despite its price tag, I feel that this wine is a no-brainer for investment," Sokolin says of this extremely rare Burgundy. "It is one of the greatest wines that has ever been produced, and there are only a few cases on the planet." Internet critic Allen Meadows (a.k.a. The Burghound) called it a wine with "inner calm."